

## **REMARKS**

Claims 13, 16, 18, 21-23, and 25 have been amended. Claims 1-12, 20 and 31-43 have been canceled. Support for the amendments can be found throughout the specification and claims as originally filed. Upon entry of the amendment, claims 13-19 and 21-30 will be pending. Applicants submit that the pending claims are patentable for the reasons set forth below.

### **Section 103 Rejections**

In the Office Action, claims 1-3, 10-15, 30 and 41-43 were rejected under 35 U.S.C. § 103(a) as being obvious based on the combination of published U.S. patent application Pub. No. 2006/0218069 to Aberman et al. and a publication to Brigham.<sup>1</sup> Claims 4-9 and 16-29 were rejected under 35 U.S.C. § 103(a) as being obvious based on the combination of Aberman and published U.S. patent application Pub. No. 2002/0103852 to Pushka. As mentioned above, claims 1-12, 20, and 31-43 have been canceled. Applicants traverse the rejections as follows.

Claim 13 has been amended to clarify the obligations imposed on the purchaser by the forward purchase contract and to include the features associated with reselling the fixed income security. As amended, claim 13 is directed to a computer-implemented method that comprises the step of issuing a unit where the unit includes a fixed income security and a separable forward purchase contract. The forward purchase contract “obligates the purchaser to purchase a quantity of equity securities from the issuer of the unit at a settlement price no later than a settlement date

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<sup>1</sup> Brigham, Eugene F., Fundamentals of Financial Management, 1992, The Dryden Press, Harcourt Brace Jovanovich, Sixth Edition, pages 260-261.

specified in the forward purchase contract.” Claim 13 further discloses that “the quantity of equity securities purchased by the purchaser is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.”

Aberman involves a real estate investment trust (“REIT”) which “issues shares of preferred stock, each of which is associated with either a forward purchase contract...or a warrant.” *See* Aberman at Abstract. As admitted in the Office Action, “Aberman et al. do not teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.” *See* Office Action at ¶ 9, p. 5.

The Office cites Brigham to stand for this feature not disclosed by Aberman. Reliance by the Office on Brigham, however, is inappropriate, because the Office misconstrued the scope and content of Brigham and, therefore, incorrectly determined the differences between Brigham and the claimed invention. Brigham does not use the market price of the equity securities at the date the unit is issued to determine the quantity of equity securities purchased, but rather uses a price at a premium over the market price to determine the quantity of common stock purchased.

The Office, citing pages 642-643 of Brigham, states that Brigham discloses, “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.” *See* Office Action at ¶9, p. 5. This is an erroneous reading of Brigham. Brigham discloses a conversion ratio and a conversion price which is not the market price of the equity securities. As recited on pg. 642 of Brigham:

One of the most important provisions of a convertible security is the conversion ratio CR...Related to the conversion ratio is the

conversion price,  $P_C$ , which is the effective price the company receives for [its] common stock when conversion occurs.

Brigham continues and actually teaches away from claim 13 on page 643 stating that the conversion price is set at a premium above the market price. As recited on pg. 643 of Brigham:

...Similarly, if we know the conversion price, we can find CR...Once CR is set, the value of  $P_C$  is established, and vice versa.

Like a warrant's exercise price, the conversion price is characteristically set at from 10 to 30 percent above the prevailing market price of the common stock at the time the convertible issue is sold.

(emphasis added).

Brigham discloses a conversion price that is characteristically set above the market price.

Clearly, the conversion price of Brigham is not the equivalent of the market price of claim 13.

Brigham does not disclose or suggest "the quantity of equity securities purchased by the purchaser is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued," because as stated in Brigham "the conversion price is characteristically set at from 10 to 30 percent above the prevailing market price of the common stock at the time the convertible issue is sold." For at least this reason, the combination of Brigham and Aberman does not render claim 13 obvious.

In addition, even if Aberman and Brigham disclosed all of the elements of claim 13 (which they do not), a person having of ordinary skill in the art viewing the Brigham reference would not have been motivated to combine Brigham with Aberman to yield the solution of claim 13. This is because Brigham does not disclose a bilateral forward purchase contract as recited in claim 13. The forward purchase contract of claim 13 is formed between the purchaser and the issuer of the unit and obligates the purchaser to purchase a quantity of equity securities from the

issuer. A bilateral contract is a contract in which each of the parties to the contract, the issuer and the purchaser in claim 13, makes a promise to the other party. In claim 13, the purchaser is obligated to purchase a quantity of equity securities from the issuer. Therefore, the issuer is obligated to deliver the purchased quantity of equity securities to the purchaser.

The convertible security of Brigham is not a bilateral forward purchase contract. In contrast to the forward purchase contract of claim 13, the convertible securities of Brigham impose no obligations on the purchaser of the convertible security. As disclosed in Brigham, “[c]onvertible securities are bonds or preferred stocks that can be exchanged for common stock at the option of the holder.” Brigham at pg. 642 (emphasis added). In Brigham, the issuer of the convertible security has promised to deliver the common stock upon conversion of the security, but the holder of the security has no obligation (i.e., has made no promise) to the issuer to convert the security. For at least this reason, a person having of ordinary skill in the art viewing the Brigham and Aberman references would not have been motivated to modify Aberman’s forward purchase contract in view of Brigham to yield the solution of claim 13 because Brigham does not even deal with forward purchase contracts.

Therefore, for at least the reasons detailed above, the proposed combination of Aberman and Brigham fails to render claim 13 as obvious. *See* MPEP § 2131 (“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.”). Furthermore, Pushka does not cure the defects of Aberman and Brigham. Furthermore, dependent claims 14-19 and 21-30 are also not obvious by virtue of their dependence from claim 13. *See* MPEP § 2143.03 (“If an independent claim is

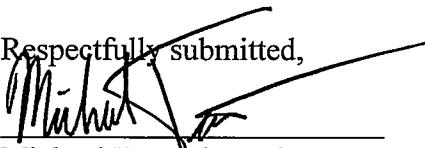
nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious.” *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)).

### CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Response should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to specifically address all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Date: FEB. 20, 2009

Respectfully submitted,  
  
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